



The State of Utah

Department of  
Natural Resources

Division of  
Oil, Gas & Mining

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**Representatives Present During the Inspection:**

Company	Vicky S. Miller	Environmental Specialist
OGM	Pete Hess	Environmental Scientist III

## Inspection Report

Permit Number:	<b>C0070039</b>
Inspection Type:	<b>COMPLETE</b>
Inspection Date:	Tuesday, April 19, 2005
Start Date/Time:	4/19/2005 9:07:00 AM
End Date/Time:	4/19/2005 2:20:00 PM
Last Inspection:	Monday, March 21, 2005

Inspector: Pete Hess, Environmental Scientist III

Weather: Windy, cold; 30's-40's F. Front moving through.

InspectionID Report Number: 583

Accepted by: whedberg  
5/10/2005

Permittee: **CANYON FUEL COMPANY LLC**

Operator: **CANYON FUEL COMPANY LLC**

Site: **DUGOUT CANYON MINE**

Address: **PO BOX 1029, WELLINGTON UT 84542**

County: **CARBON**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

**Current Acreages**

7,083.71	<b>Total Permitted</b>
51.11	<b>Total Disturbed</b>
	<b>Phase I</b>
	<b>Phase II</b>
	<b>Phase III</b>

**Mineral Ownership**

- ☒ Federal
- ☒ State
- ☐ County
- ☒ Fee
- ☐ Other

**Types of Operations**

- ☒ Underground
- ☐ Surface
- ☐ Loadout
- ☐ Processing
- ☐ Reprocessing

**Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:**

The DOGM issued State permit has one Special Condition included in Attachment "A". This condition requires the Permittee to submit all surface and ground water monitoring information in an electronic form to the Division's EDI. The Permittee has been in compliance with this permit condition since before the current permit was issued. All quarterly monitoring information is submitted in a timely fashion.

There are no compliance actions currently pending for the Dugout Canyon Mine permit area.

The Permittee is currently involved with a longwall move; the anticipated production start-up date is May 2, 2005.

**Inspector's Signature**

**Date**

Friday, May 06, 2005

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

**Note:** This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801  
telephone (801) 538-5340 facsimile (801) 359-3940 TTY (801) 538-7223 [www.ogm.utah.gov](http://www.ogm.utah.gov)

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## Inspection Continuation Sheet

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### **REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS**

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
  - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
  - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### **1. Permits, Change, Transfer, Renewal, Sale**

The current State permit issued by the DOGM remains in effect until March 16, 2008. The permit contains one Special Permit Condition included as Attachment "A". That requirement is relative to submittal of water monitoring data in an electronic form as discussed above.

### **2. Signs and Markers**

The Permittee has ordered new Permittee identification signs for the Dugout Canyon Mine disturbed areas which list the Main Office location as being in Grand Junction, Colorado. The signs which are currently in place list the Main Office location as being in Midvale, Utah, (now incorrect).

### **3. Topsoil**

The OSM and DOGM have determined that one of the Evaluation Topics for 2005 should be topsoil pile protection. One site which will be evaluated on May 10, 2005 will be the Soldier Canyon / Dugout Canyon topsoil storage piles located along the Nine Mile Canyon road. As observed this day, there were no signs of instability, or erosion problems noted with the Dugout Canyon piles. All retention berms are functioning as designed. There was no erosion noted on any piles. All signs are in place as required.

### **4.a Hydrologic Balance: Diversions**

Access to the water tank / explosives storage magazines was possible this day. Most of the snow has melted in the area. The diversions which parallel the road have received bank slumps and rock debris from the spring freeze / thaw cycle. The permittee intends to have the road bladed, and the ditches addressed before the next inspection. Ground conditions have improved and the required maintenance work can be completed easily. All diversions in the Mine site facilities area appeared capable of functioning as designed.

### **4.b Hydrologic Balance: Sediment Ponds and Impoundments**

The Permittee's qualified representative conducted the first quarter of 2005 pond inspection for the waste rock impoundment and the Mine site sediment impoundment on February 1, 2005 and March 18, 2005, respectively. There were no signs of instability, structural weakness, or other hazards noted during the permittee's inspections. Similarly, there were no hazards observed during today's field inspection. Both ponds contained water; neither was discharging. The Permittee's pond inspection report forms were signed by the authorized / qualified individual, Ms. Vicky Miller.

### **4.c Hydrologic Balance: Other Sediment Control Measures**

The silt fences which are located at the inlets to the under road culverts which are located along the water tank access road were found to be in good repair and capable of functioning as designed.

#### **4.d Hydrologic Balance: Water Monitoring**

The upper left and right forks of Dugout Creek, as well as the lower right fork (adjacent to coal stockpile), were flowing large volumes of water this day. The Permittee submitted all required surface and ground water monitoring information for the fourth quarter of 2004 to the Division EDI prior to the March 31, 2005 deadline. Water monitoring for the first quarter of 2005 has been completed; that data is still being entered into the Division "pipeline". The Permittee's representative indicated this day that some water monitoring points which are located at higher elevations are still not accessible due to remaining snow depths. Access to the proposed Pace Canyon fan site is possible; however, the de-gasification wells located in the upper elevations of the Roan Cliffs remain snow locked.

#### **4.e Hydrologic Balance: Effluent Limitations**

The Permittee notified the DOGM and the Utah Division of Water Quality of a parameter exceedance for total iron from the mine water discharge point UPDES 001A for the month of March, 2005 on April 1, 2005. The daily allowable maximum for total iron is 1.0 mg/l. The calculated result for the samples taken March 14, 2005 at outfall 001A was determined to be 2.73 mg/l, total iron. The Permittee's notification letter states that the dissolved iron for the samples was normal, but that the values reported for total suspended solids were higher than usual. The Permittee believes that a faulty valve at the sample location caused the samples to be contaminated. The notification letter also indicates that the faulty valve will be corrected to avoid future contamination problems.

#### **7. Coal Mine Waste, Refuse Piles, Impoundments**

There was no material being hauled to the waste rock site this day. The refuse pile was compacted and graded to report runoff to the 100 year 6 hour diversion carrying flow to the waste rock sediment pond. There was no noncoal waste visible in the surface of the pile. There was no sensible detection of spontaneous combustion within the pile. The Permittee conducted the first quarter of 2005 waste rock pile inspection on March 31. According to the Permittee's inspection report, 78,435 tons of coal waste have been placed for disposal since the fourth quarter of 2004 pile inspection/certification. There were no indications of instability or structural weakness noted by the Permittee's inspection. None were noted during today's field inspection. Mr. Dave Spillman, Manager of Technical Services for the Permittee, performed a P.E. certification of the quarterly inspection report on April 1, 2005.

#### **9. Protection of Fish, Wildlife and Related Environmental Issues**

As part of the Pace Canyon fan portal permitting process, the Permittee updated the SPCC plan to include the proposed 8,000 gallon diesel fuel storage tank which will service the two diesel generators located at that facility. That plan has been reviewed and accepted by DOGM and the BLM. Mr. Dave Spillmans P.E. certification of the plan occurred on April 5, 2005.

#### **11. Contemporaneous Reclamation**

Ms. Miler indicated that degasification wells G-2, G-4, G-5, and G-6 will be reclaimed during 2005. As previously noted, access to the upper elevations of the Roan Cliffs remains snow locked. Degasification well site G-3 is being proposed as a possible storage site for topsoil recovered from the proposed Pace Canyon Fan Portal facility (Task ID #2193, pending).

#### **14. Subsidence Control**

As noted in the March 21, 2005 inspection report, Section 14, Subsidence Control, the requirements of R645-301-525.700, Public Notice of Proposed Mining were discussed with the Permittee, with a DOGM request to provide the written notification letters sent to surface landowners, and owners / occupants of surface property, as well as water conservancy district(s) within six months prior to the initiation of mining. As previously noted, there is no water conservancy district associated with the surface land ownership held by the heirs of the Milton and Ardith Thayn Trust, or the BLM surface. Surface owners / government agencies responsible for surface lands associated with Federal coal leases were notified in October of 1999, prior to initiation of mining.

#### **16.a Roads: Construction, Maintenance, Surfacing**

As previously noted, the Permittee has had difficulty maintaining the integrity of the roadway surface at the swale adjacent to the mine site sediment pond (the Primary coal haul / refuse haul mine site access road). The surface was cold patched last month, but the repair did not last. The in / out gradient of the swale has been reported to place excessive stress on axles and frames of the aluminum coal trailers hauling product from the site. The Permittee and the OGM inspector inspected the area at the swale during today's inspection. The Permittee is proposing to remove the swale by removing the surfacing material. Fill will then be added and compacted to raise the sub-base elevation such that the lateral gradient at the swale location will be approximately 3% going toward the pond. Runoff reporting from the bottom of the 3% lateral slope will be collected in the ditch having conveyor belt lining. This collected volume will then report to the mine site sediment pond. The Permittee's application was approved via the DOGM permitting process on April 27, 2005. The submittal of "as-built" information is pending.

#### **18. Support Facilities, Utility Installations**

A volume of coal spillage was observed under the truck loadout conveyor. This appears to be part of the cleanup process occurring during the longwall move. The Permittee was asked to clean up the spillage.

#### **21. Bonding and Insurance**

The current general liability insurance remains in effect until July 31, 2005. Coverage amounts of \$500,000 and \$300,000 are in place for the categories of general aggregate and each occurrence respectively. Coverage for damage incurred from the use of explosives is provided.